

Message Text

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PAGE 01 STOCKH 06633 011512Z

22

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NRC-05 NSAE-00 USIA-06

TRSE-00 ERDA-05 CIAE-00 /036 W

----- 066107

R 011423Z DEC 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9267

INFO AMEMBASSY MOSCOW

USDOC WASHDC

C O N F I D E N T I A L STOCKHOLM 6633

E.O. 11652: GDS

TAGS: ETRD, BTRA, EEWT, COCOM, STW, UR, SW

SUBJECT: STANSAAB'S AIR TRAFFIC CONTROL CONTRACT WITH THE USSR -
UPDATE

REF: STATE 288817

1. IN A CONVERSATION ON DECEMBER 1 GUNNAR WEDELL, MANAGING DIRECTOR OF STANSAAB, EXPRESSED TO EMBASSY COUNSELOR HIS GRATITUDE FOR THE OPPORTUNITY TO HAVE MET WITH COMMERCE AND OTHER OFFICIALS ON NOVEMBER 23 (REFTEL). WEDELL SAID STANSAAB "WANTS TO PLAY BALL," AND INDICATED CONCERN OVER THE CONSEQUENCES SHOULD STANSAAB SEEK SENSITIVE COMPONENTS ELSEWHERE. HE THOUGHT US OFFICIALS WITH WHOM HE HAD MET WERE DOING THEIR BEST AND WERE TAKING STANSAAB'S COMMENTARY INTO THEIR CONSIDERATIONS. HE ANTICIPATES ANOTHER MEETING TO "FIGURE OUT WHAT CHANGES WILL BE NECESSARY TO RECEIVE US LICENSES."

2. IN RESPONSE TO A QUESTION ABOUT THE EFFECT OF DELAYS IN RECEIVING US LICENSES, WEDELL SAID THAT THERE HAD BEEN DELAYS ON THE PART OF THE USSR IN COMPLYING WITH CONSTRUCTION ASPECTS OF THE CONTRACT. THE FAILURE TO RECEIVE US LICENSES UP TO THIS POINT IS NOT, ACCORDING TO WEDELL, "A SHOW STOPPER."

3. WEDELL WILL VISIT MOSCOW THE WEEK OF DECEMBER 6 AND
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STOCKH 06633 011512Z

EXPECTS TO BE ALSO IN LENINGRAD WHEN HE WILL INSPECT

AN AIR TRAFFIC CONTROL SYSTEM WHICH THE RUSSIANS "HAVE BUILT ALL BY THEMSELVES." HE ANTICIPATES THAT AMERICAN COMPANIES WILL ALSO BE ALLOWED TO VIEW THE SOVIET SYSTEM.

4. WEDELL ASKED IF THE FORTHCOMING CHANGE IN ADMINISTRATION WOULD LIKELY AFFECT CONSIDERATION OF STANSAAB'S LICENSE REQUESTS. EMBASSY COUNSELOR REPLIED THAT HE DID NOT THINK CHANGES IN PERSONNEL AT THE TOP LEVEL OF THE GOVERNMENT WOULD HAVE ANY EFFECT ON STANSAAB'S APPLICATIONS, OR THEIR PROCESSING.

5. IN A SEPARATE CONVERSATION WITH ANOTHER US OFFICIAL, A STANSAAB OFFICER SAID HIS COMPANY'S ATC CONTRACT WITH THE USSR WAS VERY NEARLY ON SCHEDULE. TEN SWEDISH TECHNICIANS ARE IN THE USSR, AND ON NOVEMBER 28 SEVERAL RUSSIANS ARRIVED HERE TO COMMENCE THEIR TRAINING AS INSTRUCTORS IN AIR TRAFFIC CONTROL AT STANSAAB-DESIGNED ATC SCHOOL AT MALMO. IN ADDITION, HE SAID, DIFFICULTIES WITH THE RUSSIANS HAVE DEVELOPED. THE USSR HAS NOT YET MADE ITS INITIAL PAYMENT OF 15 PERCENT OF THE CONTRACT, REALIZING, ACCORDING TO THE STANSAAB OFFICIAL, THAT SWEDEN IS HAVING DIFFICULTY ACQUIRING US COMPONENTRY. THIS SOVIET MOVE HAS FORCED STANSAAB TO BORROW AT CURRENTLY HIGH INTEREST RATES. IN ADDITION, THE SOVIETS HAVE BEEN SLOW IN PROVIDING ADEQUATE ACCOMMODATIONS FOR SWEDISH TECHNICIANS, CREATING MORALE PROBLEMS.

6. COMMENT. IT APPEARS TO THE EMBASSY THAT STANSAAB WILL MAKE EVERY REASONABLE EFFORT TO TAKE US CONCERNS INTO CONSIDERATION IN ORDER TO ACQUIRE US COMPONENTS FOR ITS ATC CONTRACT WITH THE USSR. AS INDICATED ABOVE, DELAYS IN IMPLEMENTING THE CONTRACT MAY BE COSTLY BUT THUS FAR THEY DO NOT APPEAR TO HAVE RULED OUT STANSAAB'S CAPABILITY OF COMPLETING THE CONTRACT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR TRAFFIC CONTROL, NEGOTIATIONS, EXPORT LICENSES, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STOCKH06633
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760445-1032
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761281/aaaacshk.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 288817
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by ShawDG>; APPROVED <30 AUG 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STANSAAB'S AIR TRAFFIC CONTROL CONTRACT WITH THE USSR - UPDATE
TAGS: ETRD, BTRA, EEW, UR, SW, COCOM, STANSAAB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006